

Our ref: MA/KAC/010-3/L003m

Your ref: 20/3451/MAJ



Date: 11 May 2022

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Dear Mark

PROPOSED AFFORDABLE HOUSING APPROACH RE 06/20/3451/MAJ. LAND AT WELLS FARM, NORTHAW ROAD EAST, CUFFLEY EN6 4RD.

This letter seeks to secure a formal response from your Housing colleagues to confirm the approach that we have proposed to you and has been subject of detailed dialogue and discussion between the parties. This responds to the policy requirement for major development to contribute towards the realisation of borough-wide affordable housing objectives.

We enclose a letter from JLL that sets out the applicant's intent to provide contribution towards affordable housing objectives through a commuted sum approach. This conclusion is arrived at following initial dialogue with Registered Providers and thus with due regard to the deliverability of affordable housing (and by extension that of market housing) if the traditional route of on-site delivery was relied upon.

The JLL letter also provides an analysis of what would represent an appropriate and reasonable commuted sum - **arriving at a figure of £914,000.**

For clarity and completeness, we confirm that the proposed commuted sum of £914,000 has been arrived at using the same formula endorsed by emerging Policy SP7 so we would hope should be acceptable by logic and quantum. It represents the uplift in value from affordable housing to private market housing. The affordable value represents what an RP would pay using their own analysis of the value generated by the income provided through application of affordable products (social rent and shared ownership). This also aligns to the approach set out in the Council's SPD which states as follows at paragraphs 3.17-3.18:

In line with Policy H7 of the Welwyn Hatfield District Plan, and national Planning Policy Statement 3, the priority will be for affordable housing to be provided on the application site. However, where it can be robustly justified, off-site provision or a financial contribution in lieu of on-site provision (of broadly equivalent value) may be accepted provided the agreed approach results in the delivery of affordable housing within mixed communities in the vicinity of the application site.

The following calculation shall be used to inform the appropriate level of commuted sum:

- *Where RV (100% M) = residual value with 100% market housing, RV (AH) = residual value with required affordable housing component (e.g. 30% affordable)*
- *Commuted sum = RV (100% M) - RV (AH)*

The £914k sum which has been offered is derived through an analysis of what would be applicable to the delivery of this scheme in this location. Of course, we understand that the Council has a boroughwide housing

strategy and the commuted sum can be used to meet those corporate objectives as they deem appropriate. This would allow the Council to deliver affordable housing in the borough, using assets in their control (such as the Council's programme to redevelop its own land holdings) or acquisition activity.

Whilst we note that the policy sets a preference for local delivery (i.e affordable homes in Cuffley) the deliverability of those objectives is dependent upon the availability of land and new homes. Prior to the release of the larger sites that have draft allocations in the Local Plan, this is very limited. To seek to mandate that the commuted sum be used in Cuffley would potentially impede the timely delivery of at least 4 affordable new homes for the borough, as well as 14 market homes in Cuffley. The SPD prefers that the affordable homes be delivered in the same settlement but provides an alternate mechanism (ie. The wording "unless otherwise agreed") which we say in this case is fully justified.

In terms of the latter, we know that (using the 2021 Lovells transaction in Hatfield as a benchmark) the £914k commuted sum would **fully fund the delivery** of 5.3 new affordable homes and would also catalyse the delivery of 14 market homes in Cuffley. Referring back to the principle that the commuted sum should simply provide the differential between affordable values and market values, there is a clear prospect that the £914k sum could actually enable the delivery of more than 4 affordable homes in accessible locations across the borough. If the £914k sum was used solely to fund the *differential value* using the Lovells scheme as an exemplar, then it would facilitate the delivery of considerably more than 4 affordable new homes.

We understand (through dialogue had with you and Planning Obligations colleagues during August 2021) that the Council's Housing team is agreeable to the proposed commuted sum of £914,000 and we would seek that this can be confirmed for the benefit of your file and the report to be drafted for Committee in due course.

Summary

The scheme provides material contribution to the supply of market housing (14 units) and delivers a pragmatic and significant boost to the available supply of affordable housing through a commuted sum approach that will catalyse the delivery of the Council's affordable housing programme. This means that in practice that the scheme will facilitate the delivery of more housing units and a more targeted and effective contribution to the realisation of the Council's affordable housing objectives than would be achieved by putting affordable housing on this site, as referenced by the limited appetite of RPs to engage. Given the parlous state of housing delivery (for market and affordable housing) these immediate and important boosts to supply should be afforded significant positive weight in the planning balancing exercise.

Whilst we are grateful for the prior dialogue that sets out that the above is acceptable, we would be grateful for this to be set out in written correspondence on the public file to allow us to move forwards positively to Committee in due course so that the delivery of new homes can be accelerated.

Yours sincerely

[Redacted signature]

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